

## SUBCHAPTER A—REGULATIONS AFFECTING CREDIT UNIONS

### PART 700—DEFINITIONS

AUTHORITY: 12 U.S.C. 1752, 1757(6), 1766.

#### § 700.1 Definitions.

As used in this chapter:

(a) *Act* means the Federal Credit Union Act (73 Stat. 628, 84 Stat. 944, 12 U.S.C. 1751 through 1790).

(b) *Administration* means the National Credit Union Administration.

(c) *Board* means the Board of the National Credit Union Administration.

(d) *Credit Union* means a credit union chartered under the Federal Credit Union Act or, as the context permits, under the laws of any State.

(e) *Regional Director* means the representative of the Administration in the designated geographical area in which the office of the Federal credit union is located.

(f) *Regional Office* means the office of the Administration located in the designated geographical areas in which the office of the Federal credit union is located.

(g) *State* means a State of the United States, the District of Columbia, any of the several Territories and possessions of the United States, the Panama Canal Zone, and the Commonwealth of Puerto Rico.

(h) *Remaining maturity* is the time period from the date of the required reserve transfer to the stated date of maturity of the instrument.

(i)(1) *Insolvency*. A credit union will be determined to be insolvent when the total amount of its shares exceeds the present cash value of its assets after providing for liabilities unless:

(i) It is determined by the Board that the facts that caused the deficient share-asset ratio no longer exist; and

(ii) The likelihood of further depreciation of the share-asset ratio is not probable; and

(iii) The return of the share-asset ratio to its normal limits within a reasonable time for the credit union concerned is probable; and

(iv) The probability of a further potential loss to the insurance fund is negligible.

(2) For purposes of this section, the following definitions are used:

(i) *Cash value of assets*. Recorded value will be considered the cash value of any asset account providing accepted accounting principles and practices are followed and the provisions of law, regulation, and bylaws are met.

(ii) *Liabilities*. Recorded liabilities which are due and payable, excluding shares of members and non-members, are considered liabilities.

(j) For purposes of determining the amount required to be transferred to regular reserves under sections 116 and 201(b)(6) of the Federal Credit Union Act, *gross income* means the total of the operating income accounts reduced by the following.

(1) Dividends received on shares in the National Credit Union Administration Central Liquidity Facility;

(2) Dividends received by credit unions on special share accounts held in Agent members of the Central Liquidity Facility authorized by § 725.7 of this chapter; and

(3) Interest received by an Agent member of the Central Liquidity Facility to the extent of interest paid to the Facility by the Agent member. In the case of an Agent member of the Central Liquidity Facility that is a group of central credit unions—

(i) Interest received by the Agent group representative, as defined in § 725.1(b) of this chapter, to the extent of interest paid to the Facility by the Agent group representative; and

(ii) Interest received by each central credit union in the Agent group (other than the Agent group representative) to the extent of interest paid by each such central credit union to the Agent group representative on Agent group representative loans, as defined in § 725.1(b) of this chapter. Non-operating

gains and losses are not included in gross income.

[36 FR 23794, Dec. 15, 1971; 37 FR 329, Jan. 11, 1972, as amended at 37 FR 10342, May 20, 1972; 45 FR 47121, July 14, 1980; 54 FR 48234, Nov. 22, 1989; 54 FR 52015, Dec. 20, 1989; 55 FR 1794, Jan. 19, 1990; 57 FR 47985, Oct. 21, 1992; 58 FR 40042, July 27, 1993; 65 FR 44966, July 20, 2000]

EFFECTIVE DATE NOTES: 1. At 66 FR 65624, Dec. 20, 2001, §700.1 was redesignated as §700.2 and a new §700.1 was added, effective Jan. 22, 2002. For the convenience of the user, the added text is set forth as follows:

#### § 700.1 Scope.

The definitions in §700.2 apply to terms used in this chapter. Many additional definitions appear in the parts where the terms are used.

2. At 66 FR 65624, Dec. 20, 2002, §700.2 was redesignated from §700.1 and amended by removing paragraphs (h) and (j), redesignating (e), (f), (g), and (i), as paragraphs (g), (h), (i), and (e) respectively and by adding paragraphs (f) and (j), effective Jan. 22, 2002. For the convenience of the user, the added text is set forth as follows:

#### § 700.2 Definitions.

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(f) *Paid-in and unimpaired capital and surplus* means shares plus post-closing, undivided earnings. This does not include regular reserves or special reserves required by law, regulation or special agreement between the credit union and its regulator or share insurer. “Paid-in and unimpaired capital and surplus” for purposes of the Central Liquidity Facility is defined in §725.2(o) of this chapter.

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(j) *Unimpaired capital and surplus* means the same as “paid-in and unimpaired capital and surplus,” as defined in paragraph (f) of this section.

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## PART 701—ORGANIZATION AND OPERATION OF FEDERAL CREDIT UNIONS

### Sec.

701.1 Federal credit union chartering, field of membership modifications, and conversions.

701.2–701.5 [Reserved]

701.6 Fees paid by Federal credit unions.

701.7–701.13 [Reserved]

701.14 Change in official or senior executive officer in credit unions that are newly chartered or are in troubled condition.

701.15–701.18 [Reserved]

701.19 Retirement benefits for employees of Federal credit unions.

701.20 [Reserved]

701.21 Loans to members and lines of credit to members.

701.22 Loan participation.

701.23 Purchase, sale, and pledge of eligible obligations.

701.24 Refund of interest.

701.25 Charitable contributions and donations.

701.26 Credit union service contracts.

701.27–701.30 [Reserved]

701.31 Nondiscrimination requirements.

701.32 Payment on shares by public units and nonmembers.

701.33 Reimbursement, insurance, and indemnification of officials and employees.

701.34 Designation of low-income status; receipt of secondary capital accounts by low-income designated credit unions.

701.35 Share, share draft, and share certificate accounts.

701.36 FCU ownership of fixed assets.

701.37 Treasury tax and loan depositaries; depositaries and financial agents of the Government.

701.38 Borrowed funds from natural persons.

701.39 Statutory lien.

AUTHORITY: 12 U.S.C. 1752(5), 1755, 1756, 1757, 1759, 1761a, 1761b, 1766, 1767, 1782, 1784, 1787, 1789. Section 701.6 is also authorized by 15 U.S.C. 3717. Section 701.31 is also authorized by 15 U.S.C. 1601 *et seq.*; 42 U.S.C. 1981 and 3601–3610. Section 701.35 is also authorized by 42 U.S.C. 4311–4312.

### § 701.1 Federal credit union chartering, field of membership modifications, and conversions.

National Credit Union Administration policies concerning chartering, field of membership modifications, and conversions are set forth in Interpretive Ruling and Policy Statement 99–1, Chartering and Field of Membership Policy (IRPS 99–1), as amended by IRPS 00–1, IRPS 01–1 and IRPS 01–3. Copies may be obtained by contacting NCUA at the address found in §792.2(g)(1) of this chapter. The combined IRPS are incorporated into this section.

(Approved by the Office of Management and Budget under control number 3133–0015)

[66 FR 65626, Dec. 20, 2001]